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Message Text

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STR-06 OMB-01 CEA-01 CIAE-00 COME-00 FRB-03
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COMMERCE:FHOWELL
TREASURY:DSELF
TREASURY:PO'CONNELL
OES:BMONKS
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FM SECSTATE WASHDC
TO AMEMBASSY MADRID IMMEDIATE
AMCONSUL BARCELONA IMMEDIATE

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E.O. 11652: GDS

TAGS: ECON, ETRD, SP

SUBJECT: US-SPAIN JOINT ECONOMIC COMMITTEE MEETING,
JANUARY 19

1. SUMMARY: US-SPAIN JOINT ECONOMIC COMMITTEE MEETING
COVERED BROAD RANGE OF BILATERAL AND MULTILATERAL ISSUES.
(WE WILL TRANSMIT MINUTES OF MEETING WHEN AVAILABLE.) THE
SPANISH REQUESTED:

(1) REVISION OF US COUNTERVAILING DUTIES APPLIED TO FIVE
SPANISH PRODUCTS;
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(2) SEPARATE QUOTAS FOR SPANISH EXPORTS OF STAINLESS STEEL
BAR AND ALLOY TOOL STEEL; AND

(3) INCREASED BYCATCH.

WE INFORMED SPANISH THAT WE WILL TRY TO BE RESPONSIVE TO

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THEIR REQUESTS. DELEGATIONS ALSO AGREED THAT APPROPRIATE US AND SPANISH OFFICIALS WOULD MEET TO DISCUSS NORTH/SOUTH ISSUES. END SUMMARY.

2. US-SPAIN JOINT ECONOMIC COMMITTEE MET JANUARY 19, CO-CHAIRED BY ASSISTANT SECRETARY OF STATE JULIUS KATZ AND DIRECTOR OF INTERNATIONAL ECONOMIC AFFAIRS CARLOS GAMIR. SPANISH SIDE GAVE DETAILED RESUME OF SPANISH ECONOMY AND INITIATIVES UNDERWAY TO ALLEVIATE SPANISH ECONOMIC DIFFICULTIES. COMMITTEE ALSO ADDRESSED ONGOING MULTILATERAL TRADE NEGOTIATIONS, EXIM BANK FINANCING IN SPAIN, THE PENDING INCOME TAX TREATY, AND GENERAL TRADE RELATIONSHIP.

3. SPANISH SIDE SOUGHT REVISION OF US COUNTERVAILING DUTIES APPLIED TO FIVE SPANISH PRODUCTS. DURING WORKING GROUP MEETINGS DURING THE WEEK, DICK SELF OF TREASURY INFORMED THE SPANISH THAT TREASURY WOULD CONSIDER ARGUMENTS RECENTLY SUBMITTED WITH A VIEW TOWARD REDUCTION OF COUNTERVAILING DUTIES. WHILE MORE ANALYSIS BY THE TREASURY DEPARTMENT IS REQUIRED, SELF NOTED THAT SOME OF THESE ARGUMENTS WERE WORTHY OF SERIOUS CONSIDERATION. THE SPANISH IN TURN AGREED TO SUPPLY TREASURY WITH ADDITIONAL DATA REGARDING EXPORTS OF VITAMIN K. KATZ INFORMED THE SPANISH DURING THE PLENARY THAT SOME ANSWER REGARDING SPANISH REQUESTS ON COUNTERVAILING DUTIES MIGHT BE FORTHCOMING WITHIN SEVERAL WEEKS.
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4. THE SPANISH DELEGATION ALSO REQUESTED SEPARATE SPECIALTY STEEL QUOTAS FOR SPANISH EXPORTS OF STAINLESS STEEL BAR AND ALLOY TOOL STEEL, CITING AS BASES FOR THE REQUEST THEIR MAJOR SUPPLIER POSITION IN THE FIRST CASE AND RECENT REDUCTION IN EXPORTS IN THE SECOND. KATZ TOLD THE SPANISH THAT A SEPARATE QUOTA MAY BE POSSIBLE FOR STAINLESS STEEL BAR, BUT THAT PROSPECTS FOR AN INDIVIDUAL QUOTA ON ALLOY TOOL STEEL WERE REMOTE. FYI: STATE IS EXPLORING WITH THE RESPONSIBLE INTERAGENCY COMMITTEE THE POSSIBILITY OF A SEPARATE QUOTA FOR STAINLESS STEEL BARS AND WILL SEEK TO GET A RESPONSE TO THE GOS AS SOON AS POSSIBLE.
5. WE INFORMED THE SPANISH THAT THE US MIGHT BE ABLE TO INCREASE THE SIZE OF THE FISHING AREA AVAILABLE TO SPAIN, WHICH SHOULD PROVIDE SOME ASSISTANCE IN DEALING WITH THE BYCATCH PROBLEM. THE US EXPLAINED THAT FISHERIES ALLOCATIONS ARE PREPARED BY REGIONAL COUNCILS COMPRISED OF BOTH INDUSTRY AND GOVERNMENT REPRESENTATIVES.

6. ALTHOUGH THE SPECIFIC ISSUE OF SPAIN'S RECENT INCONSISTENCY ON THE COMMON FUND WAS NOT ADDRESSED IN THE

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PLENARY, KATZ INFORMED THE SPANISH THAT THE US IS INCREASINGLY CONCERNED ABOUT THE DIFFERENCE BETWEEN THE RHETORIC IN INTERNATIONAL FORA REGARDING MANY LDC ISSUES AND VIEWS EXPRESSED IN BILATERAL MEETINGS. GAMIR OFFERED TO SEND HIS DEPUTY TO WASHINGTON TO DISCUSS QTE SPECIFIC AREAS OF COOPERATION UNQTE ON NORTH/SOUTH ISSUES.

7. GAMIR APPEARED TO HAVE REALISTIC EXPECTATIONS OF POSSIBLE RESULTS FROM THE JEC MEETING, AND THE SPANISH SEEMED PLEASED WITH THE POSSIBILITIES FOR RELIEF WHICH EMERGED FROM THE MEETING. VANCE

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